



**ASSOCIATION OF FLIGHT ATTENDANTS - CWA, AFL-CIO**  
6250 N. River Road, Suite 4020, Rosemont, IL 60018

PHONE 847•292•7170 FAX 847•292•7180 website:www.unitedafa.org

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Ladies and Gentlemen:

Shortly you will be getting information from United about the distribution of equity as outlined in the Distribution Agreement in our 2005-2010 Flight Attendant Collective Bargaining Agreement. In recognition of our sacrifices and as part of United's Plan of Reorganization, Flight Attendants will receive shares of stock in the restructured company after we exit from bankruptcy.

This distribution of stock equity should not be confused with the distribution and allocation of the \$20 Million notes that are a part of our Defined Contribution replacement Pension Plan we are currently presenting to you for upcoming ratification.

These are two separate issues which may sound similar. The convertible notes are a distinctly different issue. They are part of our proposed Defined Contribution Pension Plan, which you will be receiving additional information in the mail shortly.

The equity distribution, or stock, relates to a return on the financial and work-rule cuts we made during the two 1113 negotiations. The information we are presenting here relates to this equity distribution only and is not related to our retirement or pensions at all.

The stock distribution for each work group is in proportion to the concessions and sacrifices made. For Flight Attendants these would include the two 1113 concessionary Agreements, and AFA's bankruptcy claim as an unsecured creditor will be handled according to the formula outlined in our 2005-2010 Agreement.

The United Master Executive Council conducted extensive discussion about the distribution of stock after our financial and legal professionals researched similar distribution plans and conducted an analysis of distribution with regard to our Membership. Our claim is valued at approximately \$1 Billion for the sacrifices we have made over the past 3 years.

We need to be clear that the distribution of stock in no way makes up for our losses during the bankruptcy. We are treated like every other unsecured creditor, all of whom will receive stock in the value of their claim against United; paid at 4-8 cents on the dollar. The value of our concessions, excluding the termination of our pensions, was derived with 30 months of the dollar value of concessions under the 2003-2009 Agreement and 20 months of the concessions under the 2005-2010 Agreement. All other work groups had their claim in the bankruptcy determined in exactly the same manner.

How our portion of the equity would be distributed among the Flight Attendants required careful deliberation by the United Master Executive Council to ensure a fair and equitable formula, representing the level of participation in concessions experienced by

**INFLIGHT SAFETY PROFESSIONALS**



each of us during United's bankruptcy. The MEC decided the stock would be allocated in two portions.

One-third of the stock will be distributed on a per capita basis to recognize the efforts of those Members who had been on furlough during the bankruptcy as well as those who were active. The remaining two-thirds will be distributed on an earnings basis. This equity is calculated to represent the extent to which each member has contributed with concessions, including the changes to work rules and being required to work more throughout this process.

To be eligible to receive the value of the stock you must be on the Flight Attendant system seniority list as of December 30, 2005. All Flight Attendants, including those on leave of absence, as of that date will receive an equity distribution. Flight Attendants who have retired, resigned or are otherwise not included on the December 30, 2005 seniority list will not receive any distribution.

Equity distribution will be deposited directly into the Flight Attendant's Defined Contribution 401(k) retirement accounts on a pre-tax basis. For those Flight Attendants who do not yet have a 401(k) account, one is in the process of being set-up for you. Deposits should be made shortly after United exits from bankruptcy. Depending on your individual circumstances, it is estimated that the average amount of equity received by Flight Attendants is approximately \$3,400 in a tax-deferred deposit.

You will be receiving more detailed information about the equity distribution along with a timeline and specifics you will need to be aware of.

In Solidarity,



Greg Davidowitch, President  
United Master Executive Council